

Top Secret

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National Intelligence Daily Cable for Thursday, 9 March 1978.

The NID Cable is for the purpose of informing senior US officials.

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ITALY: Political Support

25X1 .  At a conference of party leaders yesterday, Italian Prime Minister - designate Andreotti secured formal pledges of parliamentary support from the Communists, Socialists, Social Democrats, and Republicans, thus clearing the way

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for the formation of a new Christian Democratic government. Andreotti will spend the rest of the week drawing up a cabinet and putting the finishing touches on his proposed program, and he may go before parliament for a confidence vote next week.

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[] Andreotti may be prepared to announce the members of his cabinet by Saturday. He will almost certainly retain several members of his previous government, but rumors have again begun to circulate suggesting that he may increase the number of "technicians" in the cabinet to include one or more independent leftists, close to but not members of the Communist Party.

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[] The parties also agreed on changes in a controversial public order law, in an effort to cancel a potentially divisive national referendum on the law this spring. Berlinguer in particular is eager to avoid the referendum because it would force the Communists to take a strong stand on the law. Many of the party's supporters, particularly in the middle class, probably favor the law, but some of its leftwing constituents view the measure as repressive.

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[] As expected, the small, conservative Liberal Party dropped out of the talks yesterday, announcing that it will go into opposition. The Liberals hope to profit politically by accusing the Christian Democrats of violating their campaign promises and yielding too much ground to the Communists.

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[] Berlinguer, meanwhile, has been asserting that the agreement, by making the Communists members of the governing majority, puts them on the "threshold of the country's political direction." The Christian Democrats []

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[] plan to begin disputing that interpretation once Andreotti is safely installed in office.

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25X1. [] In any event, the Christian Democrats will find it extremely difficult to counter the impression of closer collaboration that the agreement with the Communists has already created. []

BRAZIL - WEST GERMANY: Nuclear

25X1 [] *Brazilian President Geisel is in West Germany this week in part to reaffirm the Brazilian - West German nuclear accord before President Carter goes to Brazil. Geisel intends to sign a statement of intent to cooperate with West Germany in research on high-temperature reactors and the thorium fuel cycle; the West Germans will gain long-term access to Brazilian thorium.*

25X1 [] Brazil and West Germany apparently remain committed to fulfilling their nuclear agreement--including the sale to Brazil of nuclear reactors and pilot uranium-enrichment and fuel-reprocessing facilities--despite the practical and financial difficulties Brazil's nuclear program faces.

25X1 [] The agreement on the thorium fuel cycle undercuts a US offer to Brazil to join the US - West German - French - Swiss consortium on thorium research as an alternative to acquiring a reprocessing facility; the thorium cycle could satisfy Brazil's energy needs.

25X1 [] //Brazilian and West German officials are also likely to discuss the Netherlands' effort to require further safeguards on plutonium storage before the West German - Dutch - British consortium, URENCO, ships enriched uranium fuel to Brazil. We are uncertain how far the Dutch will press their demands, which face opposition from their consortium partners as well as Brazil. West German officials are likely to assure Geisel that, together with the British, they intend to supply the fuel regardless of the Dutch position.// []

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NAMIBIA: Violent Tribal Rioting

25X1 [] *Rallies staged by rival political organizations in anticipation of a preindependence election in Namibia have resulted in rioting among Ovambo and Herero tribesmen. The*

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violence deepens the dilemma confronting Prime Minister Vorster, who is pondering a transitional program for Namibia in the absence of a negotiated settlement that would involve the UN.

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[] Rioting in Katatura--Windhoek's segregated residential area for contract workers from several tribal homelands--followed mass meetings held last week by the South-West Africa People's Organization and by the Democratic Turnhalle Alliance. Several deaths occurred and clashes continued through Tuesday. Most of the Ovambos living in Katatura apparently support SWAPO, while many of the Herero residents are loyal to Klemens Kapuuo, the chief of the Herero tribe and a leader in the Turnhalle Alliance.

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[] Additional deaths took place in Okakarara, the capital of the Herero tribal homeland, when the Hereros attacked the small community of Ovambo migrant workers upon hearing of the fighting in Windhoek.

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[] Each of the political groups blamed the initial clashes on its rival, and it appears that the violence spread spontaneously, fueled by traditional tribal animosities. According to a SWAPO spokesman, police arrested several of the group's followers, but stood aside while truckloads of Hereros armed with clubs arrived in Katatura.

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[] Leaders of the Turnhalle Alliance and influential members of the South African National Party very likely will blame the rioting on SWAPO and say that an election must be held soon in order to avoid prolonged violence.

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[] SWAPO's exiled leaders say their foreign-based guerrillas will step up insurgency if Vorster holds an election without a truce with SWAPO and UN supervision. SWAPO's internal wing, however, appears to be strengthening its capabilities for either competing in an election or boycotting it and shifting to disruptive tactics.

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[] Vorster is likely to be swayed toward an early election by the latest violence. There is an outside chance, however, that he might perceive the rioting as evidence of the bleak prospects for an election conducted without UN participation.

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[] Further intertribal clashes are virtually inevitable as the campaigning continues. The South Africans probably cannot maintain order without resorting to security measures that would discredit the election internationally. []

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SYRIA: Sectarian Terrorism

[] *Sectarian tensions have caused increased antiregime violence in Syria. Iraq is probably supporting the dissidence.*

[] Strains between the Sunni Muslim majority and the minority Alawite Muslim community, which dominates the government, have been a feature of Syrian domestic politics since President Asad seized power in 1970. The tensions rose considerably with Syria's unpopular intervention against the

Palestinians and Lebanese Muslims during the Lebanese civil war. Last year, several leading Alawite government officials and academics were assassinated, and there were frequent terrorist bombings in Syrian cities. There were no major incidents in December or January.

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[redacted] The timing of these incidents supports Asad's contention that Iraq is behind at least some of them. The lull in December and January coincided with Arab diplomatic efforts to end the bitter rivalry between Damascus and Baghdad; the violence was renewed after it was clear those efforts had failed. The US Embassy in Syria has noted a similiar pattern in the past.

[redacted] We do not believe the violence constitutes a serious threat to the stability of Asad's regime at the moment. A significant and prolonged renewal of fighting in Lebanon that resulted in large numbers of Syrian casualties, however, could intensify the unrest in Syria. [redacted]

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USSR-JAPAN: Treaty with China

25X1 [] Recent Soviet actions toward Japan suggest that Moscow no longer believes it can deter Tokyo from signing a peace and friendship treaty with China. The Soviets have stepped up their criticism of Tokyo following Japan's rejection of a good-neighbor treaty with the USSR and have reiterated their refusal to consider returning the northern territories, which has long been an obstacle to closer ties. The Soviets have also ignored a Japanese protest over Soviet naval operations near Japanese waters.

25X1 [] Moscow's growing frustration with Tokyo prompted the Soviets late last month to publicize a draft Soviet-Japanese friendship treaty. The treaty, which does not even mention the northern territories, was given to Japanese Foreign Minister Sonoda during his trip to Moscow in January.

25X1 [] Soviet Ambassador Polyanskiy has been urging Japanese officials to consider the document, and on 22 February he passed a letter from President Brezhnev to Prime Minister Fukuda urging that the treaty be signed. The Japanese have consistently stated that a solution to the territorial issue must take precedence over any other agreement.

25X1 [] In a move characteristic of Soviet dealings with Japan, the Soviet Foreign Ministry on Tuesday delivered a harsh note to the Japanese Embassy that criticized Tokyo's demands for the return of the northern territories and accused the Fukuda government of conducting an anti-Soviet campaign. The protest reiterated Moscow's position that "no unsettled territorial problems exist between the two countries and the USSR has never turned back its territory to any foreign country."

25X1 [] Mihail Kapitsa, the chief of the Foreign Ministry's Far East Department, remarked [] last week that--although 25X1 Moscow once considered returning two of the four islands that comprise the territories--the USSR is now "attached" to these islands.

25X1 [] Kapitsa also appeared resigned to the eventual conclusion of a Sino-Japanese friendship treaty and indicated that there would be no problem for Japanese relations if Tokyo gave an assurance that the treaty was not directed at the USSR. This is one of the most moderate statements any high-level Soviet official has made about the document.

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[] Moscow's concern over rapid progress on the Sino-Japanese treaty may be misplaced. Preliminary talks in Peking have so far revealed no new grounds for compromise on the antihegemony clause that the Chinese insist be included in the treaty. At this point, Japanese Foreign Ministry officials are worried that the impasse could derail further discussions with the Chinese. []

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ROMANIA: Minority Demonstrations

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[] *//Bucharest appears increasingly concerned about the possibility of further unrest among the Hungarian minority in Romania. The removal of two high-level security officials in the major party and government reshuffle earlier this week may be connected with this problem.//*

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[] *//The US Embassy in Bucharest has received reports of demonstrations in February by ethnic Hungarian students in Tirgu Mures, a center of the Magyar community in Transylvania.*

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[] *//The Embassy has also heard that a local functionary of Hungarian origin was forced to leave Tirgu Mures after he spoke out for greater autonomy for the Magyar minority. At about the same time, Karoly Kiraly, a former high party functionary of Hungarian origin, was expelled from the city following the publication in the West of a letter in which he accused Bucharest of discriminating against Romania's Magyars. We do not know if the student demonstrations were prompted by the expulsions.//*

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GUATEMALA: Election Picture

25X1 [] //Widespread charges of fraud in Guatemala's presidential election last Sunday have led the electoral registry to begin a total recount. Next week the House of Deputies will most likely choose the next President from the two front-runners, government coalition candidate Fernando Romeo Lucas and conservative former chief of government Enrique Peralta Azurdia. Peralta Azurdia's unexpectedly strong finish has confused preelection alignments and created a fluid political atmosphere. Regardless of the outcome, there will probably be violent demonstrations in the coming weeks.//

25X1 [] //When counting was stopped on Tuesday night, approximately 80 percent of the anticipated 750,000 votes had been announced, with Lucas leading Peralta Azurdia by only 500 votes. The first figures released since the recount began indicate that Lucas' lead has increased slightly. The Christian Democratic candidate, Ricardo Peralta Mendez, was a distant third.//

25X1 [] //Because of the closeness of the race and the general suspicion of fraud, Congress may break with its tradition of picking the candidate with the plurality of the popular vote.//

25X1 [] //In the 61-seat House, Peralta Azurdia's party and the Christian Democrats each have 13 seats. Lucas' three-party coalition has 30, and there are five independents.//

25X1 [] //The numbers are deceptive, however, because party discipline and ideological affinities typically will break down under intense political and monetary bargaining. The situation is further confused because political and military leaders had expected Peralta Mendez to figure in the final choice. With Peralta Azurdia's strong finish, however, early planning for voting alignments in Congress has fallen through and party ideology will be even less an element.//

25X1 [] //Nine seats in Lucas' coalition belong to conservative supporters of former President Arana, who dislike Lucas' running mate and might swing to Peralta Azurdia. []

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Christian Democrats could also conceivably vote for Peralta Azurdia--despite seemingly irreconcilable ideological differences.//

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[redacted] //Both the Lucas and Peralta Azurdia camps have enough money to buy votes, but Lucas probably holds the edge in political clout and military support. [redacted]

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BRIEFS

USSR

25X1 [] Soviet representatives at the Geneva Conference of the Committee on Disarmament will soon submit a draft treaty on "nuclear neutron weapons," perhaps as early as today. The draft will presumably call on the US and the USSR to renounce the production of such weapons.

25X1 [] Since last summer, Moscow has waged a worldwide campaign against the production and deployment of the neutron warhead that has included personal letters from President Brezhnev to European heads of state. In October, Moscow formally introduced the issue of the neutron warhead as a new weapon of mass destruction into the bilateral talks with the US on radiological weapons. []

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Pakistan

25X1 [] Serious violence could break out in Pakistan if former Prime Minister Bhutto is convicted of murder. A verdict is likely sometime this month, possibly as early as this week.

25X1 [] If Bhutto's followers take to the streets and are able to sustain the confrontation, the US Embassy believes that they might even be able to force changes in the government's leadership. Past demonstrations by Bhutto's followers have generally been small and easily contained by security forces, but they might now be more successful because of the rising popular discontent that has resulted in several recent outbreaks of rioting.

25X1 [] The government has already taken several steps to head off trouble. Political activity has been banned until the end of the month, activists in Bhutto's party have been arrested, and Bhutto's daughter--who once said that "rivers would run red" if her father was convicted--has been restricted to Karachi. []

Cyprus

25X1 [] Cypriot President Spyros Kyprianou, who was sworn in on 28 February for a five-year term, announced his new cabinet yesterday. Most of the new ministers appear to be centrist or

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conservative. The most prominent new appointee is Nicos Rolandis, a Kyprianou loyalist with strong ties to the West who assumed the Foreign Ministry portfolio.

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[] Most of the holdovers are competent. In general, the cabinet's composition suggests Kyprianou has fulfilled his commitment to exclude the left from the government and appoint individuals acceptable to the right. []

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Egypt

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[] Egypt has strongly condemned the Rhodesian attack on guerrilla bases in Zambia and has reaffirmed its strong support for the Zimbabwe African People's Union based in Zambia. It also condemned the settlement agreement between Rhodesia's Prime Minister Smith and internally based black leaders.

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[] Egypt welcomes the opportunity to take a strong public stand on southern African issues at this time. Some officials are concerned that Egypt's position in Africa may have been damaged by the government's support for Somalia in its conflict with Ethiopia. Egypt is now adjusting its policy on the Horn to bring it into line with most African governments. President Sadat wants continued African support for his peace initiative. []

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